

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5429-01
Bill No.: HB 1868
Subject: Education, Elementary and Secondary
Type: Original
Date: February 26, 2014

Bill Summary: This proposal modifies provisions relating to elementary and secondary education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown- Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Transportation Assistance Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0	\$0	\$0

***Offsetting Transfers In and Transfers Out are Unknown - Expected to exceed \$100,000 each year.**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Governor**, the **Office of State Treasurer**, and the **Department of Public Safety - Missouri State Highway Patrol** anticipate no fiscal impact as a result of this proposed legislation.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

\$160.408

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this section appears to recognize/organize another group of charter schools. In addition, DESE assumes §160.408.3 allows DESE to grant a charter and act as a sponsor of a charter school. This will result in significant unknown costs for DESE.

Oversight assumes that DESE may or may not sponsor a charter school and expenses would not occur unless a charter school were sponsored by DESE. For fiscal note purposes only, Oversight will show fiscal impact of \$0 or (Unknown - Could exceed \$100,000) per year.

ASSUMPTION (continued)

§162.1110

Officials from **DESE** estimate that significant unknown costs will be incurred for the operation of the Statewide Achievement School District.

§167.243

Oversight assumes the Transportation Fund created in this section will be funded from General Revenue appropriations and from 5% of the tuition paid by sending districts as outlined in §167.132. The Achievement District created in §162.1110 may use funds to facilitate transportation arrangements and provide grants to districts with high transportation needs.

Officials from the **Kansas City Missouri Public School District (KCPS)** assume the proposed bill may have a negative impact to KCPS.

KCPS assumes §167.132.1-4 has an estimated impact of approximately \$498,000 for the school year 2014-15, and possibly higher in subsequent years.

Oversight assumes the language in this section could actually result in a "savings" to unaccredited school districts by reducing the total amount of tuition paid to receiving districts by unaccredited sending districts from what is currently required by statute.

Officials from the **Special School District of St. Louis County (SSD)** assume this proposed legislation could have a significant negative fiscal impact on SSD. If the St. Louis Public Schools become unaccredited, there is no provision in this bill to account for the payment of special education tuition to SSD. If 500 students with disabilities transfer to districts in St. Louis County, the cost is estimated to be about \$7 million based on the current estimated expenditures per student of \$14,000.

Oversight assumes it is speculative to assume that the St. Louis Public Schools will become unaccredited. For fiscal note purposes only, Oversight will assume no fiscal impact.

Officials from the following school districts: Blue Springs, Branson, Caruthersville, Charleston R-I, Cole R-I, Columbia, Fair Grove, Francis Howell, Fulton, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kansas City, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, Waynesville,

ASSUMPTION (continued)

Calhoun, Gilliam, Hayti, Hickman Mills, Jennings, Normandy, and Swedeberg did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015	FY 2016	FY 2017
GENERAL REVENUE			
<u>Transfer Out</u> - Department of Elementary and Secondary Education (DESE) - Funding for Transportation Assistance Fund (§167.243)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Costs</u> - Department of Elementary and Secondary Education (DESE) - Expenses related to sponsoring a charter school (§160.408)	\$0 or (Unknown - May exceed \$100,000)	\$0 or (Unknown - May exceed \$100,000)	\$0 or (Unknown - May exceed \$100,000)
<u>Costs</u> - DESE - Expenses related to the operation of the Statewide Achievement School District (§162.1110)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown - Could exceed \$100,000)</u>	<u>(Unknown - Could exceed \$100,000)</u>	<u>(Unknown - Could exceed \$100,000)</u>

FISCAL IMPACT - State Government
 (Continued)

FY 2015

FY 2016

FY 2017

**TRANSPORTATION ASSISTANCE
 FUND**

Transfer In - General Revenue (§167.243)

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Income - School Districts - 5% of tuition
 paid by sending schools (§167.132.2)

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Transfer Out - Achievement District -
 Assistance for transporting students
 attending a school outside district of
 residence (167.243.5)

(Unknown -
 Could exceed
 \$100,000)

(Unknown -
 Could exceed
 \$100,000)

(Unknown -
 Could exceed
 \$100,000)

**ESTIMATED NET EFFECT ON
 TRANSPORTATION ASSISTANCE
 FUND**

\$0

\$0

\$0

FISCAL IMPACT - Local Government

FY 2015

FY 2016

FY 2017

LOCAL POLITICAL SUBDIVISIONS

SCHOOL DISTRICTS

Savings - School Districts - Reduction of tuition payment from sending districts to receiving districts (§167.132.2)

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Income - School Districts - Grants for transportation expenses (§167.243.5)

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Costs - School Districts - Transportation expenses (§167.243.5)

(Unknown -
 Could exceed
\$100,000)

(Unknown -
 Could exceed
\$100,000)

(Unknown -
 Could exceed
\$100,000)

**ESTIMATED NET EFFECT ON
 SCHOOL DISTRICTS**

**Unknown -
Could exceed
\$100,000**

**Unknown -
Could exceed
\$100,000**

**Unknown -
Could exceed
\$100,000**

ACHIEVEMENT DISTRICT

Transfer In - Achievement District - Transportation Assistance Fund (§167.243.5)

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Unknown -
 Could exceed
 \$100,000

Costs - Achievement District - Assistance with transportation arrangements (§167.243.5)

(Unknown -
 Could exceed
 \$100,000)

(Unknown -
 Could exceed
 \$100,000)

(Unknown -
 Could exceed
 \$100,000)

Distribution - Achievement District - Grants to school districts for transportation expenses (§167.243.5)

(Unknown -
 Could exceed
\$100,000)

(Unknown -
 Could exceed
\$100,000)

(Unknown -
 Could exceed
\$100,000)

**ESTIMATED NET EFFECT ON
 ACHIEVEMENT DISTRICT**

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill changes the laws regarding elementary and secondary education. Provisions of the bill include the following:

§160.408

Specifies the requirements in order to be considered a high-quality charter school or a high-quality charter management organization and requires that they be given expedited opportunities to replicate and expand into unaccredited districts and the city school districts of St. Louis and Kansas City subject to conditions and time lines specified in the bill.

§162.1110

Establishes a statewide achievement school district, effective January 1, 2015, which will be a political subdivision to which the State Board of Education must transfer all underperforming schools in an unaccredited district.

An exception is made for an unaccredited district of 15,000 or more enrollment that is governed by a special administrative board.

The State Board may waive assignment of the schools in the district if the special administrative board submits an acceptable plan and timetable.

The powers and duties of the district include managing schools assigned to it, with the authority to close or reconfigure grades; oversight of facility planning and operation; employment of staff, including the authority to require staff to reapply for employment; continuation of certain contracts not relating to personnel; and community engagement.

The bill provides a method for determining the allocation of fiscal resources, gives preference to high quality charter school operators for short-term contracts for services, and specifies that no school can remain assigned to the district for longer than five years.

FISCAL DESCRIPTION (continued)

§167.132

Creates a new section covering student transfers from districts that become unaccredited. The tuition rate uses the current method of calculating tuition but is limited to 75% of that amount. Seventy percent of the tuition goes to the receiving district, while 5% goes to the transportation assistance fund. A student who attends an underperforming school in the unaccredited district must first apply to be assigned to an accredited school within the district. In a school district that exceeds 15,000 in enrollment, the students in an unaccredited school may transfer in the first year after the declaration, and students in provisionally accredited schools may transfer in the second year. A student who has not been able to obtain a seat in a public school in his or her own district or a receiving district may apply for tuition reimbursement to a private nonsectarian school. If a transfer to a receiving district takes more than a 75-minute bus ride, the student is not required to attend that district instead of applying to a private school as permitted under the bill. Students may continue in their receiving school until they finish the highest grade available or graduation

§167.241

Limits the requirement to provide transportation for a transfer student from an unaccredited district to no more than 75 minutes one way

§167.243

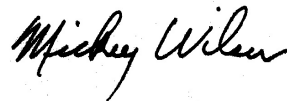
Establishes the "Transportation Assistance Fund" to assist districts whose students choose to attend another district. The achievement district may use funds to assist with cost-effective transportation arrangements and districts with unusually high transportation needs may apply for grants from the fund.

The bill contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Public Safety
 Missouri State Highway Patrol
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Office of the Governor
Office of State Treasurer
School Districts
 Special School District of St. Louis County
 Kansas City



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February 26, 2014

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February 26, 2014